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NUMDocket 92-266

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Honorable Sam Nunn
United States Senate
303 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Nunn:

Thank you for your letter on behalf of Joel Hall of Plantation Cablevision, Eatonton, Georgia. Your constituent is concerned about how our regulations implementing the Cable Television Consumer Protection and Competition Act of 1992 may affect small cable systems.

On August 10, 1993, the Commission granted a temporary stay of the rate regulations for small systems with 1,000 or fewer subscribers (see enclosure) and initiated a Further Notice of Proposed Rule Making to examine the burdens on small cable systems. Your constituent's comments will be placed in the record of this proceeding.

In addition, I wish to reiterate my own concerns about the regulatory impact of the 1992 Cable Act on small cable systems, especially those not affiliated with any MSO. I have directed the staff to explore a number of alternatives designed to alleviate the burdens that would otherwise be imposed on small systems to insure they remain a viable part of the telecommunications infrastructure. I assure you that the Commission is making every effort to minimize any negative repercussions for small operators resulting from re-regulation, within the bounds of the discretion provided to us by the Act itself.

Sincerely,

James H. Quello
Chairman

Enclosure

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United States Senate

COMMITTEE ON ARMED SERVICES
WASHINGTON, DC 20510-6050

July 22, 1993

The Honorable James H. Quello
Chairman, Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Mr. Chairman:

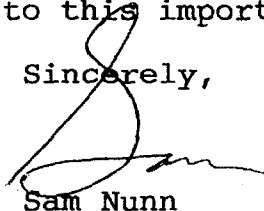
Attached is a copy of a letter I recently received from Mr. Joel Hall of Plantation Cablevision regarding the potential, and I believe unintended, results of the Commission's rules to implement of the 1992 Cable Act. The concerns outlined in this letter echo others that have been raised to my attention by other small independent rural cable operators in Georgia.

Many of my constituents reside in sparsely populated areas where only small operators have been willing to offer multi-channel video programming. Congress specifically provided for the reduction of administrative burdens on small systems in the context of rate regulation. As drafted, the small cable operators inform me that there is little meaningful provision in the FCC's rate regulations to reduce such burdens on small systems or to take into account the substantial impact of limited subscriber bases or low subscriber density (measured in subscribers per mile) on per subscriber costs.

As suggested in the attached letter, I believe the Commission should reconsider its proposed rules with an eye on the potential adverse impact on the small independent rural cable operators. In my view, the valuable service provided by these small cable operators to Georgia residents should be encouraged and regulations should be tailored where possible with their concerns in mind. The 1992 Cable Act provided the Commission such discretion, and I am hopeful that the Commission will utilize this flexibility in order to accommodate the special circumstances in which these systems operate.

Thank you for your attention to this important matter.

Sincerely,



Sam Nunn

Enclosure

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P **LANTATION** **C** **ABLEVISION**

SERVICE EXCELLENCE IS OUR COMMITMENT

P. O. BOX 484
FATONTON, GEORGIA 31024
PHONE: (404) 485-7740

July 22, 1993

Senator Sam Nunn
303 Dirksen Building
United States Senate
Washington, D.C. 20510

Dear Senator Nunn,

Plantation Cablevision is a small independent rural cable operator servicing both Greene and Putnam Counties in the State of Georgia with approximately 1,000 subscribers. The cable system is a family owned and operated business which was built in 1989. The system passes less than 15 homes per mile of cable and has less than 10 subscribers per mile.

The small independent rural cable operator, such as our self, have unique problems that were not taken in to account by the F.C.C. when implementing the 1992 Cable Act and need to be revisited under reconsideration by the F.C.C..

1) Small independent rural cable operators pass far less homes per mile with existing cable plant than that of an urban operator. A density factor would have to be employed before you could even compare the rural system with the urban system. With the current rate regulation imposed on small rural cable operators, there is no distinction between a system with 5,000 homes passed and 100 miles of plant (50 homes per mile) and a system with 5,000 homes passed and 200 miles of plant (25 homes per mile). Assuming these two systems have the same channel line-up, their benchmark rate per channel will be virtually the same.

2) Small independent rural cable operators have no economies of scale. Programming and material cost are much higher than that of a urban operator and multiple system operators (MSO). Rural independent operators have no volume discounts on programming and little buying power with equipment vendors. All construction and operating cost are substantially higher to the small independent cable operator.

3) Small rural cable operators pay significantly higher pole attachment fees due to the fact that they operate systems in areas served by R.E.A. power companies whose pole rates are not regulated by the F.C.C. formula. In our case Tri County E.M.C. currently charges \$10.00 per attachment whereas Georgia Power who is regulated by the F.C.C. formula is only \$4.68.

A logo consisting of the letters "PC" inside a dark oval.

While in Washington the first of this week, we talked with certain staff members of the F.C.C. and described the small independent rural cable operators unique problems. They listened with sympathetic ears and heard specific cases of where the new 1992 Cable Act would be detrimental to their business. Chairman Quello even stated at a brown bag luncheon on Monday the 19th when asked about small independent systems and their problems that something pertaining to gross revenues or density needed to be enacted for the small independent systems. But due to pressure put on the F.C.C. from Capital Hill to enact the 1992 Cable Act, the small independent rural cable operator has been overlooked.

I feel a density factor could be applied to the benchmark rate per channel for small rural systems without compromising the intent of the 1992 Cable Act. The national average of homes passed per mile of cable plant is approximately 40 homes per mile. If a percentage increase was allowed to be added to the benchmark rate per channel for systems with density lower than the national average, rural systems could receive some relief without affecting the majority of the industry as well as encouraging growth in rural areas.

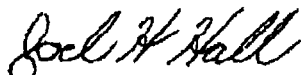
Example:

systems with 30 to 35 homes passed - benchmark rate X 1.05
systems with 25 to 30 homes passed - benchmark rate X 1.10
systems with 20 to 25 homes passed - benchmark rate X 1.15
systems with 15 to 20 homes passed - benchmark rate X 1.20

Another solution for the small independent cable operator would an exemption for systems with a certain amount of gross revenue or less. If the F.C.C. exempted cable companies with \$750,000.00 or less of gross revenues per year even the small multiple system operators would not be exempt but just the small independent operators in most cases. The Copyright Office currently allows the small operators to file a short form with revenues under \$292,000.00 every 6 months.

I believe if Congress would give the F.C.C. the flexibility to deal with the small independent rural cable operators problems, that they would take the problems described above into consideration and resolve the current inequities.

Any help your office could give to us would be greatly appreciated.



Joel H. Hall